



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 1, 2000

### **H.R. 701**

### **Conservation and Reinvestment Act**

*As ordered reported by the Senate Committee on Energy and Natural Resources  
on July 25, 2000*

#### **SUMMARY**

Assuming appropriation action consistent with the act, CBO estimates that implementing H.R. 701 would cost about \$1 billion in fiscal year 2002 and a total of \$8.7 billion over the 2002-2005 period. H.R. 701 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

The legislation contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The spending authorized by the act would include grants for state, local, and tribal governments. Any costs incurred by these governments to meet the conditions of assistance would be voluntary.

#### **MAJOR PROVISIONS**

H.R. 701 would establish the Conservation and Reinvestment Act (CARA) fund within the Treasury. Beginning in fiscal year 2001, the Secretary of the Treasury would make annual deposits into this fund of about \$3 billion from oil and natural gas royalties and other income derived from exploration and development of the Outer Continental Shelf (OCS). Each year thereafter, the Secretary would transfer this money to other federal funds and accounts for land conservation, acquisition, management, and other activities. The amounts transferred from the CARA fund would be available without further appropriation, except that no transfers would be made in any year in which less than \$450 million is made available for federal land acquisition in appropriation acts. (That minimum appropriation level would be reduced in any year that there are not enough OCS receipts to make all of the authorized deposits to the CARA fund.) As a result, all spending from the new fund would be contingent upon the magnitude of future appropriations.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 701 is shown in the following table. The costs of this legislation fall within budget functions 300 (natural resources and the environment), 450 (community and regional development), and 800 (general government).

No amounts have been included in this estimate for the program authorized by section 703. This section would authorize the appropriation of whatever amounts are necessary to provide grants to states for the conservation of nonfederal lands. The program would cover a broad range of projects nationwide and could cost as much as several hundred million dollars annually, but CBO has no basis for estimating the size of this program.

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
Spending Under Current Law						
Budget Authority <sup>a</sup>	677	0	0	0	0	0
Estimated Outlays	618	396	145	45	4	2
Proposed Changes						
Estimated Authorization Level	0	0	3,004	3,015	3,029	3,044
Estimated Outlays	0	0	1,022	2,037	2,680	2,980
Spending Under H.R. 701						
Estimated Authorization Level <sup>a</sup>	677	0	3,004	3,015	3,029	3,044
Estimated Outlays	618	396	1,167	2,082	2,684	2,982

a. The amount shown for 2000 includes appropriations for land acquisition (\$467 million), historic preservation (\$75 million), and payments in lieu of taxes (\$135 million). Funding for 2001 has not been enacted yet; the higher spending levels authorized under H.R. 701 would not begin until 2002.

## BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 701 will be enacted near the beginning of fiscal year 2001 and that receipts from OCS activities will be sufficient to finance the entire amounts specified to be deposited into the CARA fund each year. We also assume that \$450 million for federal land acquisition will be appropriated each year—triggering the appropriation of the roughly \$3 billion total funding under the bill for each year—and that

the Congress will determine that the budgetary conditions specified in section 9 of the legislation have been met. (Section 9 concerns the potential diminution of benefits under certain federal entitlement programs and the existence of an on-budget surplus.) Outlays for all programs have been estimated on the basis of existing similar activities.

## **CARA Fund**

Beginning in fiscal year 2002, H.R. 701 would authorize transfers of OCS receipts from the CARA fund of about \$3 billion, allocated to activities and programs as follows:

- A total of \$805 million to the Department of Commerce (DOC) and the Department of the Interior (DOI) for coastal area programs, including payments to coastal states to mitigate the effects of OCS activities (\$430 million), grants for ocean and coastal conservation programs (\$350 million), and spending to protect coral reefs (\$25 million);
- Up to \$900 million to the Land and Water Conservation Fund for federal and state land acquisition;
- A total of \$575 million to provide additional funding for existing DOI grant programs, including the urban parks and recreation program (\$75 million) and historic preservation fund (\$150 million) operated by the National Park Service (NPS), and federal wildlife restoration (\$350 million) administered by the U.S. Fish and Wildlife Service (USFWS);
- \$125 million to DOI for the protection of NPS and tribal resources, including the restoration of degraded lands and related maintenance projects;
- A total of \$200 million to the Forest Service for forestry programs, rural assistance, and farm and ranch land protection;
- \$60 million to DOI and the Forest Service for the Youth Conservation Corps; and
- Such sums as are necessary to DOI to fully finance payments to local governments in lieu of taxes (an estimated \$337 million in 2002, rising to \$379 million in 2005).

Under section 2, none of these funds could be transferred to other accounts for federal spending in any year unless at least \$450 million is appropriated for that year for federal land acquisition. Because the availability of those funds each year would be contingent on such appropriation action, all of the spending of the amounts transferred from the CARA fund

would be treated as discretionary spending. Under current budgeting procedures, if the obligation of certain funds is contingent on the enactment of a subsequent appropriation, then the cost of such spending is attributed to the subsequent appropriation. H.R. 701 would create such a contingency for obligating amounts in the CARA fund.

### **Other Discretionary Spending**

Included in this estimate is about \$7 million over the next 10 years for the USFWS to complete a map of all conservation easements acquired by the agency before 1977 to protect wetlands. The agency would be required to complete the map by title VII of the legislation, which also would authorize the appropriation of whatever amounts are necessary for this purpose.

Title VII also would authorize the appropriation of whatever sums are necessary for a new federal program to make grants to states for the conservation of nonfederal lands of regional or national interest. CBO cannot estimate the costs of implementing this grant program because there is no basis for determining its size. Depending on the scope of this new program, it could cost several hundred million dollars annually.

### **PAY-AS-YOU-GO CONSIDERATIONS**

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending and receipts. This version of H.R. 701 would not be subject to such procedures because all spending under the bill would be subject to appropriation action.

As noted above, section 2 of H.R. 701 would allocate OCS receipts to a variety of federal programs. Subsection 2(f) states:

“Notwithstanding any provision of this act making funds available without further appropriation, no amounts from the Conservation and Reinvestment Act Fund shall be transferred under this section during any fiscal year until the Congress has made available \$450,000,000 (or such lesser amount as may be required by subsection (e)) for federal land acquisition under section 5 of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l-7) during such fiscal year in an act making appropriations.”

Thus, only an annual appropriation of at least \$450 million would trigger the CARA transfers in a particular year, making the spending of those funds discretionary (i.e., subject to controls on discretionary spending and not subject to pay-as-you-go procedures).

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

H.R. 701 contains no intergovernmental mandates as defined in UMRA. The spending authorized by this legislation would include grants for state, local, and tribal governments. These grants would be subject to various matching, planning, and maintenance-of-effort requirements. Any expenditures necessary to meet these requirements would be voluntary.

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

This legislation contains no new private-sector mandates as defined in UMRA.

## **PREVIOUS CBO ESTIMATE**

On February 16, 2000, CBO transmitted a cost estimate for H.R. 701, the Conservation and Reinvestment Act of 1999, as ordered reported by the House Committee on Resources on November 10, 1999. The Senate legislation would finance more programs than the House version, and some of the programs that are included in both versions would be financed at different amounts. In addition, most of the spending under the House legislation would be mandatory, while all of the funding in the Senate version would be subject to appropriation action.

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